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September 8, 2016

Chairman Tom Wheeler
Commissioner Mignon Clyburn
Commissioner Michael O'Rielly
Commissioner Ajit Pai
Commissioner Jessica Rosenworcel
Federal Communications Commission
445 12th Street SW
Washington DC, 20554

Received & Inspected

SEP 13 2016

FCC Mail Room

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Dear Chairman Wheeler and Commissioners Clyburn, O'Rielly, Pai, and Rosenworcel:

I am writing on behalf of Canby Telephone Association (Canby Telcom), a cooperative and a small multichannel video programming distributor (MVPD) providing digital service in Oregon, about the Federal Communications Commission's (Commission) Navigation Device proceeding (MB Docket No. 16-42/CS Docket No. 97-80). Canby Telcom is a provider of many services and is building an all fiber network to accommodate the needs for future video and communications services. We are a cooperative who employs 65 full time employees and have been serving the Canby Oregon community since 1904. We are troubled by the Commission's proposed rules and other potential substitute rules because, if adopted, the substantial implementation costs would force the cooperative to either expend a significant amount of funds on network changes or seriously consider exiting the video business, which has been a topic of strategic planning session agendas for the last several years. Accordingly, we urge you not to apply new rules to smaller MVPDs.

Like other smaller MVPDs, Canby Telcom faces major challenges in our Pay-TV business. Programmers are demanding significant and growing fees and increasing carriage of "unwanted" networks. Our members have more video choices both from much larger, traditional Pay-TV providers and from over-the-top video sources, which often provide comparable services at lower costs. As a result, our margins are slim and continue to erode. Yet despite our troubles, our members appreciate receiving video service from the cooperative because our offerings and member service meets their needs.

Given this daunting business environment, the cooperative cannot afford the additional regulatory costs of the proposed Navigation Device rules, estimated to be well into the hundreds of thousands of dollars for our small system, or any other proposals that require such substantial costs.¹ Simply put, we could not offset or otherwise tolerate these costs even if we diverted our limited capital spending and spent our cash reserves. And, raising member prices significantly is out of the question. Should the Commission mandate that small providers spend this much money to comply with such rules, we would be forced to abandon our system and reduce our workforce eliminating several family wage paying jobs in our community. This outcome is still

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a major concern even if the deadline for compliance is delayed because any solutions that the industry will, if ever, develop for smaller MVPDs are still going to be unaffordable for a company of our size.

On behalf of our cooperative members and our employees, we urge the Commission not to apply any new Navigation Device requirements to smaller MVPDs. Forcing the cooperative to cease offering video service which does not advance the asserted purpose of the proposed rules – to promote innovation and lower consumer prices. Instead, it eliminates a local service option for consumers, and it means the loss of jobs and tax and fee revenues for our community, among other harms.

Thank you for your consideration.

Sincerely,



Paul E. Hauer
President
Canby Telephone Association

Cc: Curt Schrader
Jeff Merkley
Ron Wyden

ⁱ This estimate covers those requirements that are known and sufficiently refined and are based on cable operators satisfying the Commission's proposal at the lowest overall cost possible (i.e. by deploying a gateway device in the customers' homes using third party devices). As others have explained, the Commission's proposal is more a framework with many elements still to be defined and fleshed out. Therefore, one cannot determine whether the predicted lowest cost means is ultimately technologically feasible, what additional costs are necessary and the size of those additional costs, and when this solution would be available to implement.